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UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re

A.G. FERRARI FOODS

Debtor.

Case No. 11-43327

Chapter 11

**CONDITIONAL OBJECTION TO
MOTION FOR ORDER AUTHORIZING
POST-PETITION FINANCING,
GRANTING SECURITY INTERESTS
AND SUPERPRIORITY CLAIMS, AND
PROVIDING ADEQUATE PROTECTION
PURSUANT TO 11 U.S.C. §§105, 361 &
364(C)**

Hearing

Date: August 19, 2011
Time: 11:30 a.m.
Place: U.S. Bankruptcy Court
1300 Clay Street
Oakland, CA
Courtroom 201
Judge: Hon. Edward Jellen

INTRODUCTION

Creditor Bridge Bank, N.A. (“Bridge Bank”) hereby files this conditional objection to the motion of debtor and debtor-in-possession A.G. Ferrari Foods (“Debtor”) for order authorizing, among other things, post-petition financing (the “Motion”) on the ground that the

1 relief requested in the Motion should not be granted or effective unless and until proposed
2 lender, Renovo Capital, LLC, executes a subordination agreement to affirm that it is or will be
3 in a subordinate position to Bridge Bank.

4 **BASIS FOR CONDITIONAL OBJECTION**

5 Bridge Bank is the Debtor's primary secured creditor, holding a senior secured claim in
6 excess of \$100,000. As set forth in the Motion, the Debtor and Renovo have executed a term
7 sheet by which the Debtor intends to sell its assets to Renovo for cash and assumption of certain
8 liabilities by Renovo. To fund its post-petition business operations and administrative expenses
9 pending the completion of the sale of its assets, the Debtor is seeking to borrow up to \$353,000
10 from Renovo on a superpriority basis. Although the Motion describes that Bridge Bank shall
11 retain its secured priority status as a result of its existing lien(s) (see Motion, 4:19 – 5: 8),
12 Bridge Bank believes that its priority position should further be preserved and protected by
13 requiring Renovo to execute a standard form of subordination agreement prior to or at the
14 closing of the financing transaction, as is typically done in senior lending transactions such as
15 this one here.

16 **CONCLUSION**

17 Based upon the foregoing, Bridge Bank respectfully requests that this Court condition
18 the approval of the post-petition financing Motion on Renovo's execution of a typical form of
19 subordination agreement in favor of Bridge Bank. Absent Renovo's execution of a
20 subordination agreement, the Motion should be denied.

21 Dated: August 17, 2011

22 **HOPKINS & CARLEY,**
A Law Corporation

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24 By: /s/ Michaeline H. Correa
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Michaeline H. Correa
25 Attorneys for Secured Creditor
26 Bridge Bank
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